

MINUTES

LEGISLATIVE GOVERNMENT OVERSIGHT COMMITTEE

July 23 and 24, 2007

The Legislative Government Oversight Committee met July 23, 2007, in the Supreme Court Chamber at the Capitol. Senator Tom Courtney called the meeting to order at 11:00 a.m. Other members present were:

Senator Mike Connolly, VC
Senator Ron Wieck, RM
Senator Mary Lundby
Senator Becky Schmitz

Representative Vicki Lensing, Chair
Representative Wayne Ford, VC
Representative Ralph Watts, RM
Representative Clel Baudler
Representative Deborah Berry
Representative Steven Olson
Representative Kurt Swaim
Representative Jodi Tymeson
Representative Wes Whitead

OVERVIEW

The primary focus of the meetings concerned the status and possible uses of the Iowa Communications Network (ICN), including consideration of legislative proposals sponsored by Representative Wayne Ford (HF 622 and HF686) which expand the use of the network.

IOWA COMMUNICATIONS NETWORK

Mr. John Gillispie, Executive Director of the ICN provided a brief history of the network, from the early 1980's to the present, including its financing, construction, and governance by the Iowa Telecommunications and Technology Commission. Mr. Gillispie discussed business constraints imposed by statute including a limited customer base of "authorized users" and a limited ability to collaborate with the private sector. Authorized users include educational facilities (public and private K-12 schools and higher education institutions), state and federal governments (e.g., the Iowa National Guard, the Department of Homeland Security, and the Department of Emergency Management), hospitals and physician clinics, and public libraries. Mr. Gillispie noted that in 1997, the ICN assumed responsibilities for Capitol Complex telecommunication services. He stated that the state has invested more than \$227 million in the network and described several unsuccessful plans in past years to transfer the network to the private sector. Mr. Gillispie described the process of transmitting data over a network and advantages of using synchronous rather than asynchronous transmission, observing that most commercial internet traffic is asynchronous, and stressed the importance of providing affordable broadband access to Iowans in order to compete in a global economy. He also stated that when considering the speed of Internet access, Iowa ranks 47th among states. He predicted that within the near future, telephone service via copper wiring will no longer be commercially viable. Mr. Gillispie stated that Vermont has committed \$40 million in financial incentives to expand broadband access to its citizens in collaboration with private providers. In response to questions by Committee members, Mr. Gillispie discussed maintenance issues including deferred maintenance of network infrastructure, the growth of internet traffic and the stability of

video traffic, the potential use of the network as a platform to expand broadband and wireless service to lowans, the use of the network to leverage the private sector to increase or expand its service, and the relative competitive disadvantage of the private sector when competing against a state business.

Expanding the Availability of Internet Access to Low Income Populations.

Ms. Nicol Turner-Lee, Vice President, Digital Inclusion Corporation, manages One Economy's Midwest programs (providing broadband to the homes of low-income households and provides a related multilingual web portal referred to as the "Beehive"). Dr. Turner-Lee supported the expansion of the ICN to provide affordable and possibly free broadband access to the poor and community based organizations in a manner that encourages the poor to become self sufficient. She noted that more than a quarter of this nation's population does not have access to the Internet; including a large percentage of low-income families and culturally defined populations (African American and Latino Americans, people with disabilities, and seniors). Dr. Turner-Lee urged the Committee to consider legislation that would create a strategic workforce development initiative around the ICN, by providing poor families with affordable and ubiquitous access to the Internet, financing for hardware acquisition, and access to meaningful online content. In response to questions by Committee members, Dr. Turner-Lee emphasized the need of children of poor families to obtain access to technology in order to level the economic playing field, and cited a Michigan program which provides technology to K-12 school children (for a description of Michigan initiatives see the September 30, 2004 meeting the Iowa Learning Technology Study Committee). Committee members and Dr Turner-Lee discussed the definition of poverty, the differences between urban and rural environments, that Iowa currently has a low unemployment rate, that many rural communities have access to Internet services, perceptions of rural lowans, and their self-sufficient character. Other Committee members compared the ICN with a highway, and the need to capitalize upon opportunities to compete in a global economy.

Wireless Communication.

Mr. Joshua Breitbart, Founder of the Ethos Group, a consulting firm which focuses upon community benefits associated with wireless technology. Mr. Breitbart stated that the ICN is an underutilized resource and discussed Iowa's unique position as the owner of an optic fiber network capable of providing high speed telecommunication services access to its entire population. He noted that other nations such as South Korea and Japan have surpassed the United States in providing broadband access to its populations, and that the United States is at a competitive disadvantage due to its failure to similarly invest in the necessary infrastructure. He discussed economic opportunities which would be created by providing rural residents with wireless access to the ICN, in effect "flattening" competition between the state's urban and rural residents and global competitors. Mr. Breitbart stated that a few telecommunications companies control the industry, that it is not in the financial interest of those companies to concentrate investment in a small rural state like Iowa, and that the state should use its existing infrastructure to promote economic development. In response to questions by Committee members, Mr. Breitbart discussed the current capacity of the ICN, the role of government in competing with the private sector, and the amount of competition in the telecommunications industry. Mr. Breitbart noted a strong correlation between access to broadband and population by zip code. Committee members discussed issues related to capacity, cost and price of service, and Internet speed, the roles of government and the private sector, and methods to partner with the telecommunications industry.

Issues Related to the "Digital Divide."

Mr. Ryan Ford, Executive Editor of Source Magazine, discussed the growth of digital communication, its rapidly growing importance when conducting business, the related disparities between persons who have broadband access and persons who do not have broadband access, the so called "digital divide." He described how he routinely conducts business from Los Angeles to New York via high speed Internet, the possibility of attracting persons to live in Iowa and conduct business from their homes, and encouraged Committee members to expand the use of ICN in order to create opportunities for Iowans. In response to Committee questions, Mr. Ford discussed how utilizing Iowa's unique telecommunication infrastructure could encourage Iowa's younger population to stay or return to the state.

Perspectives of Local Entities.

Mr. Bob Haug is Executive Director of the Iowa Association of Municipal Utilities and was joined by Mr. Allen Kent, serving as Acting Executive Director of the Iowa League of Cities. Mr. Haug stated that his association represents approximately 550 cities that operate utilities including 28 municipal broadband systems. Mr. Haug stated that the ICN is a unique asset that has been underutilized, and that expanding the ICN would promote opportunities for job creation and economic expansion. He cited an article published in USA Today reporting that United States consumers have a median download speed of just 1.97 megabits per second compared to 61 Mbps in Japan, 45 Mbps in South Korea, 17 Mbps in France, and 7 Mbps in Canada. Mr. Haug also stated that Americans pay a higher rate for Internet service (paying \$3.18/Mbps, while in Japan and Korea rates are as low as \$0.22/Mbps and \$0.042/Mbps). Mr. Haug noted how the ICN could be used to provide a number of shared or improved services relating to telephone and cable television transmissions, accounting and billing functions, medical records and diagnostic data, real-time metered energy usage, and job training. Mr. Haug expressed support for House File 686 and believed the expanded use of the ICN would encourage greater competition and expanded opportunities. Mr. Kent discussed the important but limited role of public libraries, and opportunities for greater use by cities, including the training of city officials and conducting meetings of city officials on a regional basis. Committee members discussed the importance of competition and the free market system, investments made by the private sector, the possibility of cities installing their own fiber optic network, the use of the ICN to stimulate local economies, and possible partnerships between the state and the private sector.

RECESSED

Senator Courtney recessed the meeting at 4:00 p.m.

July 24, 2007

Senator Courtney called the meeting to order at 9:00 a.m.

Perspective of the Iowa National Guard.

Brigadier General, Mark Zirkelbach, Iowa National Guard, was joined by Colonel Vince Reefer of the Guard, and Mr. Jon D. Swanson, State ICN Manager for the Guard. General Zirkelbach discussed the Guard's use of the ICN for telephone, data, and video transfer and Internet services, and noted that the Guard uses the ICN almost daily to conduct routine business. He described the Guard's ICN use for administrative and training purposes, and for family support programs and meetings, including videoconferencing by overseas personnel and their families (e.g., military personnel in combat). General Zirkelbach stated that military use of the ICN has increased yearly. He stated that the Guard pays \$222,000 annually for ICN data service. In

response to Committee questions, General Zirkelbach noted that one of the greatest challenges for ICN management is scheduling.

Perspectives from Area Education Agencies.

Mr. Bob Steingreaber, Coordinator of Instructional Resources for Southern Prairie AEA 15 in Ottumwa was joined from Ms. Kristin Steingreaber, AEA 15 Media Specialist. Mr. Steingreaber and Ms. Steingreaber discussed the aging of equipment associated with the ICN, aggregated Internet costs, and educational uses, including videoconferencing, demonstration projects, professional development, home-bound instruction, on-line learning, and project collaboration. They discussed a number of issues with Committee members. It was noted that 85 percent of school districts use the ICN as their Internet provider. They discussed the changing role of teachers (from sage to facilitator). According to Mr. Steingreaber, a future challenge is making ICN scheduling more flexible.

Perspectives from Regent Institutions.

Mr. Steve Fleagle Associate Vice President and Chief Information Officer, the University of Iowa, was joined by Dr. James A. Davies, Vice Provost for Information Technology and Chief Information Officer, Information Technology Services, Iowa State University; Dr. Eldon Uhlenhopp, Interim Associate Dean for Outreach and Operations, College of Veterinary Medicine, Iowa State University; and Dr. Jim Bodensteiner, Dean of Continuing Education and Special Programs, University of Northern Iowa. Mr. Fleagle explained that the use of technology is pervasive on campuses and is constantly changing; Regent institutions collaborate with the ICN to share voice, video, and Internet services; and that traditional voice and video services are shifting to Internet delivery (referred to as "convergence"). He noted that in meeting broadband requirements, availability and costs are challenges. Mr. Fleagle described a special network which in part utilizes the ICN, referred to as Broadband Optical Research, Education and Sciences Network (BOREAS-Net) which connects the University of Iowa, Iowa State University, the University of Minnesota, and the University of Wisconsin with commercial networks, based in Chicago and Kansas City. Its purpose is to allow researchers to transfer vast amounts of secure data worldwide and collaborate with peer institutions and national laboratories. In response to questions by Committee members, Mr. Fleagle discussed the transmission of sensitive information. It was noted that the University of Northern Iowa may join BOREAS-Net in the near future. Mr. Fleagle also discussed the University of Iowa's implementation of a student and staff emergency warning system in the Fall of 2007 which is designed to provide rapid warning of an emergency throughout the campus.

Perspectives from Telecommunication Companies.

Mr. Craig Schoenfeld, Legal Counsel representing Iowa Network Services, stated that he was appearing on behalf of a number of telecommunication companies, to briefly explain the general position of the industry, and requested that representatives of the industry be allowed to more fully present their views at a future meeting. Mr. Schoenfeld was joined by Mr. Gillispie and Ms. Joan Conrad, legislative liaison for the Iowa Utilities Board. Mr. Schoenfeld emphasized the commitment made by Iowa Network Services and other businesses to provide Iowans with access to telecommunication services, stated that competition within the private sector does exist, and noted the number of jobs provided by these businesses would put a risk by allowing a state owned enterprise to compete with the private businesses. He stated that he could not comment upon specific proposals to partner with the state at this time, but extended an invitation to interested members to continue a dialogue. In response to questions by Committee members, Mr. Schoenfeld and Ms. Conrad discussed a report prepared by the Iowa Utilities Board which found that infrastructure is not a limiting factor for rural residents. Ms. Conrad

stated that the Board's report did not find a rural and urban divide, and that local communication companies have worked to provide broadband access to its customers. Committee members discussed the extent to which Iowa and its rural residents do not have access to broadband services. Mr. Schoenfeld and Mr. Gillispie discussed Iowa's national ranking for speed of uploading and downloading data. Mr. Schoenfeld stated that he or another industry representative could respond more fully to the issue at a later time.

NEXT MEETING

The Committee is scheduled to meet on September 17 and 18 in the Supreme Court Chamber at the Statehouse. The meeting will commence at 11:00 a.m. on September 17 and 9:00 a.m. on September 18.

ADJOURNED

Senator Courtney adjourned the meeting at 11:15 a.m.